

# **EXHIBIT 11**

HIGHLY CONFIDENTIAL  
IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

PEOPLETLO MANUFACTURING, )  
INC., )  
 )  
Plaintiff, )  
 )  
-vs- )  
 ) No. 28-cv-03642  
SUNDYNE, LLC; ACCUDYNE )  
INDUSTRIES, LLC; DXP )  
ENTERPRISES, INC., and )  
PUMPWORKS, LLC, )  
 )  
Defendants. )  
----- )  
PUMPWORKS, LLC, )  
Counter-Plaintiff, )  
-vs- )  
PEOPLETLO MANUFACTURING, )  
INC, )  
Counter-Defendant. )  
 )

-HIGHLY CONFIDENTIAL-

The deposition of CLARK SHAFER,  
called by the Defendants for examination, taken  
pursuant to the Federal Rules of Civil Procedure of  
the United States District Courts pertaining to the  
taking of depositions before MAUREEN A. WOODMAN, a  
notary public within and for the County of Cook and  
State of Illinois, taken at 330 North Wabash Avenue,  
Suite 3300, Chicago, Illinois, on the 9th day of  
August, 2022, at the hour of 9:08 o'clock a.m.  
Central Standard Time.

1 not an original board member as well. Actually, I  
2 guess the only ones I know pretty confidently were  
3 original board members besides Bill, of course, Bill  
4 Blankemeier, would be Pat Thomas and -- drawing a  
5 blank on names. These are people I know well, but I  
6 just drawing a blank on the name.

7 Q. That's okay. Did PeopleFlo have officers  
8 at the time it was first created or founded?

9 MR. TILGHMAN: Object to the lack of  
10 foundation.

11 BY MS. THOMPSON:

12 Q. You get to answer.

13 MR. TILGHMAN: You can answer.

14 THE WITNESS: I see.

15 MR. TILGHMAN: Unless I tell you not to, you  
16 get to answer.

17 THE WITNESS: Learning the process here. So  
18 Bill was the president. I had a title of vice  
19 president with two or three people in the company.  
20 The title seemed a little frivolous, perhaps. But,  
21 yeah, I was vice president.

22 BY MS. THOMPSON:

23 Q. Were you also an investor in PeopleFlo?

24 A. I had -- I had stock options as part of my

1 to know what --

2 A. I --

3 MR. TILGHMAN: Wait for a question.

4 BY MS. THOMPSON:

5 Q. Just want to know what was being charged  
6 for the product if there was such a thing.

7 I'm going to show you what's already  
8 been marked as Exhibit 247 for identification.

9 A. Okay.

10 Q. Have you seen this exhibit before?

11 A. Yes.

12 Q. Can you tell me what it is?

13 A. So this was a summary of open invoices. It  
14 was really, I believe, a summary of all invoices  
15 open and closed that had been -- that had been  
16 executed between the two companies.

17 Q. And was it current as of January 2020?

18 A. Yes, I believe so.

19 Q. And you prepared this information from the  
20 records at PeopleFlo?

21 A. Yes.

22 Q. Is it on any particular system at  
23 PeopleFlo, this information?

24 A. The core data that I pulled this from would

1 mostly be either packing slips, which would be on  
2 our servers, or QuickBooks records.

3 Q. And can we just -- to make sure I'm reading  
4 this correctly, can we turn to the second full page.  
5 Under date, what is meant to be shown there? What  
6 do the dates relate to?

7 A. Sure. Each table is connected to a  
8 purchase order described above the table. So we had  
9 multiple purchase orders from PumpWorks to  
10 PeopleFlo. So the first table is for PO number  
11 4744, which was the group 2 low torque stock order.  
12 Each date is an event -- each date correlates to an  
13 event that happened. So either the first line, for  
14 example, on 4/5/2018, the event was a 50 percent  
15 prepayment. That was invoice number 964. It  
16 affected 100 units. 50 percent of those 100 units  
17 were invoiced. So there's some dollars associated  
18 with that.

19 The highlighted ones, if I recall  
20 correctly, were ones that were -- well, you can also  
21 see by the pay date. If a pay date exists -- if a  
22 paid amount and pay date exist, then there was  
23 payment from PumpWorks against that line item.

24 Q. For the other 50 percent or whatever was --

1           A.     Just for this one event. So on -- on 4/5,  
2 we invoiced 50 percent of all 100 pumps. On 4/2, we  
3 already paid. So in this particular event, they  
4 paid us before we created an invoice. So it was  
5 sort of catching up the paperwork in this particular  
6 event.

7                     So they paid us \$165,000, which was 50  
8 percent of the total value. The total value above  
9 on the top is 330. So it looks like the math lines  
10 up. And today's balance, today being January 23rd,  
11 2020, was zero for that one line.

12          Q.     Let's skip down to the event on 7/31/18.  
13 It says shipped?

14          A.     So that one I think is a little more  
15 complicated. But, yes, we shipped one unit. We  
16 invoiced -- we ship one unit. We invoiced 50  
17 percent of that because we already invoiced the  
18 other 50 percent on the line item above it. So we  
19 invoiced 1650. So there were some mistakes that  
20 happened on the bookkeeping here. So let me refresh  
21 my memory what happened. Accidental debit. I  
22 believe the mistake was on PumpWorks' part. I think  
23 instead of paying us 1650, they debited us and said  
24 we owe them another 1650.

1 Q. So that had to get reversed?

2 A. Exactly. Which at the time had not  
3 happened yet. So that's why there's still a  
4 balance.

5 Q. Of 1650?

6 A. Yes.

7 Q. On 11/5/2018, we show a shipment and it's  
8 four units were shipped at that time?

9 A. Correct.

10 Q. And they were invoiced the 50 percent  
11 remaining on the purchase price?

12 A. Correct.

13 Q. And it was paid?

14 A. Yes.

15 Q. That's why zero dollars?

16 A. Exactly.

17 Q. What were you saying about the shaded ones?

18 A. The shaded one is just highlighting the  
19 ones that have been paid complete. But it's  
20 redundant information because the pay date and the  
21 balance also tells you --

22 Q. Okay. Let's go back to the really  
23 interesting one, 2/11/2019. 40 percent prepaid.

24 A. Correct. That's another 40 percent prepay

1 on the remaining items. So at that point we still  
2 owed -- 77 units had not been delivered yet. So do  
3 a quick math. We had delivered 23 units by then.  
4 And so for some agreement, that I was not privy to,  
5 between Bill Blankemeier and Trey Maxwell, they  
6 agreed that we would get another 40 percent of the  
7 remaining amount as another prepayment. So this was  
8 the invoice for that.

9 Q. Was PeopleFlo having cash flow problems  
10 during February of 2019?

11 A. I couldn't say with specific details, but  
12 yes, the cash would help.

13 Q. And then the rest of these all follow the  
14 pattern you've indicated. It shows a ship date. It  
15 shows which invoice it related to and the number  
16 that was shipped, the percentage of payments still  
17 to be made, and whether it was made or whether it  
18 was held up.

19 A. Correct. In a sense, you see a lot of ten  
20 percents, because by that time, this 40 percent had  
21 applied to the remainder and the prior 50 percent  
22 applied to all the units. So there was only ten  
23 percent left.

24 Q. So the second group two stock order?



1           A.     Correct.  So that's a different purchase  
2     order but the same logic is being applied to  
3     shipments.

4           Q.     Except 90 percent was paid upfront on  
5     that --

6           A.     Yeah.

7           Q.     -- before anything had been shipped?

8           A.     Yes.

9           MR. TILGHMAN:  Wait for her to finish her  
10    question and then answer.

11          THE WITNESS:  Okay.

12          BY MS. THOMPSON:

13          Q.     And then there were only four shipments  
14    against that purchase order as of January?

15          A.     Correct.

16          Q.     And the third block is another group stock  
17    order?

18          A.     Yes.

19          Q.     And, again, 90 percent was paid upfront?

20          A.     Yes.

21          Q.     And there were only four shipments made  
22    against that order as of January 2020?

23          A.     Yes.

24          Q.     So I think the rest of these are -- the

1 second page of the invoice, would it be fair to say  
2 that these were more specific parts or machines that  
3 were ordered, not part of the group stock order?

4 A. Correct. Exactly.

5 Q. And Exhibit 248. And before we put away  
6 the prior exhibit, 247, these dates that are in the  
7 date column, would you rely on those? Would they be  
8 accurate as to the number of MCUs that had been  
9 delivered to PumpWorks as of the date that's  
10 reflected there? Let me give you an example.

11 A. Yes.

12 Q. On the first block, I don't see -- except  
13 for this one thing that was delivered in July of  
14 2018, I don't see another delivery or shipment to  
15 PumpWorks until November of 2018. Do you see that?

16 A. Yes, I see that.

17 Q. Does that comport with your recollection,  
18 that even though the contract was signed in March,  
19 there were not deliveries of MCUs until one in July  
20 and then four of them in November?

21 A. Well, you have some for the group two high  
22 torque -- or no. Yeah. We have 1024 -- no, that's  
23 2019. Yes, I think that's correct.

24 Q. Now, if you can take the packing slip that

1 is marked as Exhibit 248. Are those the packing  
2 slips you were referring to that you used as base  
3 information for preparation of 247?

4 A. Yes.

5 Q. And can you explain briefly what  
6 information is shown here?

7 A. Yeah. This should have the purchase order  
8 and the order date up in the left. As I'm sitting  
9 here, I used shorthand notation for the purchase  
10 order, just the last four digits on the spreadsheet.  
11 But correlates with the 4744. And then this is a  
12 document that on 4/17/2020, we shipped whatever is  
13 in the ship quantity, which would be one unit of the  
14 second line item. Against this purchase order.  
15 There may have been other MCUs in the shipment from  
16 other purchase orders on here. And if that were the  
17 case, there would have been two packing slips in one  
18 shipment. Two or three, depending on how many -- I  
19 would not have -- because of the header information  
20 correlates to a specific purchase order. If we were  
21 shipping against multiple purchase orders and made  
22 multiple packing slips.

23 Q. But the column, the last one on the right,  
24 back-order quantity, that reflects how many MCUs had

1    been ordered and by this time 90 percent paid for  
2    but not yet shipped to PumpWorks?

3           A.    Yes.   For the first line item, the purchase  
4    order had five units on it.   We had previously  
5    shipped five, so there were no longer any  
6    back-orders for the first order.

7           Q.    Let's do 249 and 250.

8                       Exhibits 249 and 250, are they similar  
9    in terms of the information that they convey as the  
10   248 that we've just looked at?

11          A.    Yes.

12          Q.    So, again, they relate only to one of the  
13   purchase orders.   They show the specific description  
14   of the specific pumps that were ordered, the number  
15   that were ordered, the number that were shipped, and  
16   the number that were back-ordered, correct?

17          A.    Yes.

18          Q.    And when you were talking about Exhibit  
19   247, you called these stock orders?

20          A.    Yes.

21          Q.    What is a stock order?

22          A.    It means it's being purchased to be put  
23   into inventory and not purchased for a specific  
24   customer need.

1 Q. In -- if I want to know how many MCUs  
2 PeopleFlo still owes to PumpWorks for which  
3 PeopleFlo's already received 90 percent of the  
4 payment, would I just simply take and add up all the  
5 back-orders on your packing slips?

6 MR. TILGHMAN: Object to the form; lack of  
7 foundation; calls for a legal conclusion. Subject  
8 to those objections, you can answer.

9 THE WITNESS: I do believe if you can get the  
10 most recent packing slip for each of the four  
11 stockholders, the back-order amount should reflect  
12 what has not been delivered.

13 BY MS. THOMPSON:

14 Q. And those packing slips, they are  
15 maintained at PeopleFlo, correct?

16 A. Yes.

17 Q. And in what system would I pull it off of?

18 A. They are not in the shared folder but  
19 PeopleFlo's main directory.

20 Q. And a simple matter of pulling off the  
21 directory the most recent packing slips?

22 MR. TILGHMAN: Object to foundation.

23 THE WITNESS: They're just files in a folder  
24 labeled Packing Slips. You have several of them

1 already. You may have all of them. I don't know.

2 BY MS. THOMPSON:

3 Q. Let's go to --

4 A. There should be an alternative source at  
5 PumpWorks as well. These were documents that were  
6 sent with every shipment. It makes sense that  
7 PumpWorks would have kept copies of these in their  
8 receiving department.

9 Q. Are you testifying that from personal  
10 knowledge that they did?

11 A. No.

12 Q. Okay.

13 A. I said it would be logical that they would.

14 Q. Understand. But we're only here to pump --  
15 to plumb your knowledge as to what you actually have  
16 information about.

17 Let's go to 325 for our new exhibit.

18 (WHEREUPON, said document was  
19 marked as Deposition Exhibit  
20 No. 325 for Identification.)

21 BY MS. THOMPSON:

22 Q. With respect to -- going back to the year  
23 2020, the packing slips that we just looked at, they  
24 were -- trying to remember the last date on them.

1 A. 4/17.

2 Q. 4/17 of 2020. Do you as you sit here today  
3 have a recollection of any other MCUs being shipped  
4 to PumpWorks after April of 2020?

5 A. I don't recall the exact time frame, but  
6 it's certainly close to the end of it, but I don't  
7 recall exactly.

8 Q. Taking a look at what has been marked as  
9 Exhibit 325 for identification. Are these just more  
10 meeting notes?

11 A. Correct.

12 Q. Similar to the ones that we discussed  
13 earlier with respect to Exhibit 40?

14 A. Yes.

15 Q. Okay. In this particular one, the meeting  
16 notes refer to a meeting held on October 21,  
17 correct?

18 A. Held on Monday. The attachment's named  
19 10/21. So, yeah, Monday's 10/21 meeting  
20 presentation. Took me four days before I got the  
21 report out. That's why the October 25th.

22 Q. Not even anything I'm interested in.

23 A. Just clarifying.

24 Q. What is a beta test?